



Recommendation for Action

File #: 22-2226, Agenda Item #: 7.

6/16/2022

Posting Language

Approve the negotiation and execution of a loan agreement and related documents with AHFC Retreat Non-Profit Corporation, or an affiliated entity, in an amount not to exceed \$7,000,000 to acquire additional equity interest in the owner of the mixed-income and affordable 240-unit multifamily rental development known as Retreat at North Bluff located at 6212 Crow Lane, Austin, Texas 78745.

Lead Department

Austin Housing Finance Corporation.

Fiscal Note

Funding is available in the FY 2021-2022 Capital Budget for the Austin Housing Finance Corporation (AHFC) \$7,000,000 (2018 General Obligation Bonds). A fiscal note is attached.

For More Information:

Rosie Truelove, Treasurer, AHFC, 512-974-3064; and Mandy DeMayo, Deputy Director, Housing and Planning Department, 512-974-1091.

Additional Backup Information:

The Retreat at North Bluff (formerly Village on Little Texas) is an existing affordable housing development located at 6212 Crow Lane, Austin, Texas 78745, just off South Congress. The planned Orange Line train station at Stassney is an approximately 20-minute walk from the development.

The AHFC is the landowner for the development, and ground leases the land to the current owner of the development, Village on Little Texas, LLC.

AHFC Villages on Little Texas Non-Profit Corporation is the current managing member of that owner, with the investment members being Captuity Investments Three, LP and RNB Capital Partners, LLC. AHFC Villages on Little Texas Non-Profit Corporation owns a 23.67% equity interest in the development.

The AHFC Board of Directors approved the formation of the current AHFC Villages on Little Texas Non-Profit Corporation in June of 2009. At that time, the Retreat at North Bluff was a unique development for AHFC because it was 1) the first development west of Interstate 35; and 2) the first development that did not involve tax credit equity financing and instead relied solely on private equity financing and an AHFC Rental Housing Development Assistance (RHDA) loan of \$2,940,000. The RHDA loan, with a current balance of approximately \$2,140,000 will be repaid in connection with the purchase of the development by the new entity.

This new RHDA loan to AHFC Retreat Non-Profit Corporation (Non-Profit Corporation), will allow the Non-Profit Corporation, to partner on a 50-50 basis with Affordable Central Texas (ACT), a local, mission-driven nonprofit dedicated to the preservation of affordable housing. AHFC staff believe that this new ownership structure is in the best way to maintain the long-term affordability and operational stability of the development. The new equity investments of ACT and the Non-Profit Corporation, will also help fund a \$3,000,000 rehabilitation of the development.

Specifically, after this RHDA loan is made to the Non-Profit Corporation, the Non-Profit Corporation will use the loan proceeds, together with the existing equity transferred from the current general partner (approximately \$5,500,000), to make a capital contribution to the new ownership entity; such contribution will provide the Non-Profit Corporation with a 50% equity interest in the new ownership entity. The payments made to the Non-Profit Corporation with respect to this 50% interest will be used to repay the RHDA loan over time. AHFC will then redeploy those loan repayments into future affordable housing investment opportunities.